

# FOREST INDUSTRY

## Indicator 9. Forest Industry

### At a Glance

Kentuckians employed  
by the wood industry  
..... 38,000

Direct value of wood  
industry in Kentucky. .  
..... \$5.17 billion

Number of primary  
wood producers  
1994 ..... 615  
1999 ..... 510

Number of secondary  
wood producers  
1994 ..... 449  
1999 ..... 514

**Background** The state's forest industry is composed of primary producers, such as saw-mills, and secondary manufacturers which make a product such as furniture, from wood materials. In 1999, 510 primary and 514 secondary wood companies were operating in the state.

According to the 1997 census, the most recent year data is available, the lumber and wood industry employed 11,319 people with a value of shipments at \$1.2 billion.<sup>1</sup> However, an assessment conducted by the Kentucky Cabinet for Economic Development places the direct value of the Kentucky wood industry at \$5.17 billion and employment levels at 38,000.<sup>2</sup>

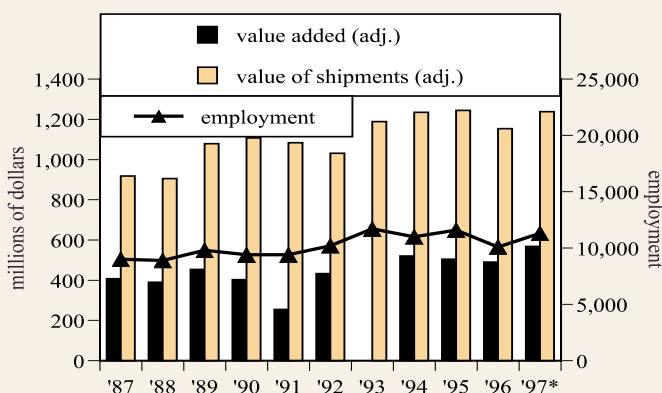
**Goal** Promote the most efficient utilization of Kentucky's forest resources.

**Progress** Kentucky continues to see a decline in the number of primary wood producers in the state. Since 1994, the number of primary wood industries has declined 17 percent; from 615 to 510 primary producers. The decline is attributed to a consolidation of production by larger producers. According to state forestry officials, some of the lumber mills are increasing capacity and/or acquiring smaller mills.

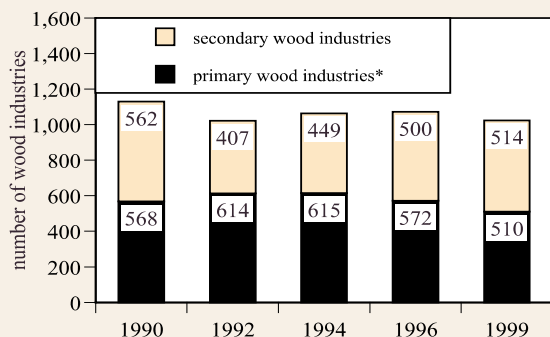
Efforts are also underway to strengthen the state's secondary forest industry. While Kentucky is the third leading hardwood-producing state in the country, it accounts for only one percent of the nation's secondary wood industry employment. Recognizing the poten-

tial of the secondary wood industry to add jobs and diversify local economies, the state created the Kentucky Wood Products Competitiveness Corporation. The corporation was established in 1994 to enhance the secondary wood products industry and promote "Kentucky made" wood products. Since then, 65 new secondary wood industries have located in Kentucky, a 14 percent increase in a 5-year period.

**Measure 1. Kentucky Lumber and Wood Industry Economic Trends**



**Measure 2. Wood Industry in Kentucky**



### Footnotes

**1.** *Industry Statistics for the State: 1997, U.S. Census Bureau, 1997 Economic Census, May 8, 2000.*

**2.** *Based on sales from primary, secondary, and pulp/paper. 2000 National IMPLAN Conference, Kentucky's Secondary Wood Products Industry, Phil Flynn, Staff Economist, Division of Research, Ky. Cabinet for Economic Development, October 12-13, 2000.*

### Measures - notes and sources

**Measure 1.** Note: Adjusted for inflation using the consumer price index for 2000. 1993 value added data not available. \*Data for 1997 from the U.S. Census Bureau, 1997 Economic Census. Source: U.S. Census Annual Survey of Manufacturers, U.S. Census 1997 Economic Census.

**Measure 2.** \*Includes pallet manufacturers. Source: Ky. Division of Forestry.